

August 30, 2007

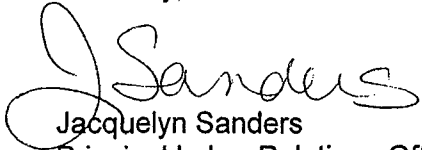
Brooks Ellison
Chief Negotiator
California Attorneys, Administrative Law Judges
& Hearing Officers in State Employment (CASE)
2495 Natomas Park Drive, Suite 550
Sacramento, CA 95833

Dear Mr. Ellison:

In the interest of promoting harmonious labor relations, the State of California (Department of Personnel Administration) and the California Attorneys, Administrative Law Judges & Hearing Officers in State Employment (CASE) agree to implement the attached language effective January 1, 2008.

If the above reflects our agreement, please sign.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Sanders".

Jacquelyn Sanders
Principal Labor Relations Officer
Department of Personnel Administration

Agreed

A handwritten signature in cursive script, appearing to read "B. Ellison".

Brooks Ellison
Chief Negotiator
CASE

Subject: Consolidated Benefits (CoBen) Program Description

A. Consolidated Benefits (CoBen) Program Description

1. CoBen Allowance

Effective January 1, 2008 the employer health benefits contribution for each employee, except as noted in subsection 11.1 A2 shall be a flat dollar amount equal to 85 percent of the weighted average of the Basic health benefit plan premiums for a State active civil service employee enrolled for self-alone, during the benefit year to which the formula is applied, for the four Basic health benefit plans that had the largest State active civil service enrollment, excluding family members, during the previous benefit year. For each employee with enrolled family members, the employer shall contribute an additional flat dollar amount equal to 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four

Basic health benefit plans that had the largest State active civil service enrollment, excluding family members, during the previous benefit year.

(a) The State shall contribute \$439 per month for coverage of an eligible employee. (Party code one)

(b) The State shall contribute \$836 per month for coverage of an eligible employee plus one dependent. (Party code two)

(c) The State shall contribute \$1084 per month for coverage of an eligible employee plus two or more dependents. (Party code three)

To be eligible for this contribution, an employee must positively enroll in a health plan administered or approved by CalPERS. The established dollar amount(s) shall not be increased in subsequent years without a negotiated agreement by both parties.

2. Unit 2 employees who first become eligible for health benefit enrollment on or after July 1, 2006 shall be subject to a two-year vesting schedule for the employer health contribution for dependents as follows:

a. 50% of the normal employer dependent portion of the contribution upon initial enrollment;

b. 75% of the normal employer dependent portion of the contribution upon completion of 12 months of service; and

c. 100% of the normal employer dependent portion of the contribution upon completion of 24 months of service.

Effective January 1, 2008, the Employer Dependent Contributions for employees with less than two years of continuous State service are as follows:

	Employer Dependent Contribution	
	50%	75%
Employee	\$439	\$439
Employee plus 1	\$651	\$744
Employee plus 2 or more dependents	\$790	\$937

The employer dependent contribution amounts shall be established by DPA each year at the same time that the normal employer health contributions are established. When an employee is appointed to a new position or class that results in a change in eligibility for the composite rate, the effective date of the change shall be the first of the month following the date the notification is received by the State Controller's Office if the notice is received by the tenth of the month.

3. Description of the Consolidated Benefit (CoBen) Program

Employees will be permitted to choose a different level of benefit coverage according to their personal needs, and the State's allowance amount will depend on an employee's selection of coverage and number of enrolled dependents.

The State agrees to provide the following CoBen benefits:

a. If the employee is enrolled in both a health plan administered or approved by CalPERS and a dental plan administered or approved by DPA, the health benefit enrollment party code will determine the allowance amount.

b. If the employee declines a health benefit plan which is administered or approved by CalPERS and certifies health coverage from another source, the employee's dental benefit enrollment party code will determine the amount of the contribution.

c. If the employee elects not to enroll in a health plan administered or approved by CalPERS and in a dental plan administered or approved by DPA and certifies health and dental coverage from other sources the employee will receive \$155 in taxable cash per month. Cash will not be paid in lieu of vision benefits and employees may not disenroll from vision coverage. Employees do not pay an administrative fee.

d. Permanent Intermittent (PI) employees shall only be eligible to participate in the CoBen Cash Option and receive a six-month cash payment for the first control period of each plan year.

e. If the employee elects not to enroll in a health plan administered or approved by CalPERS and certifies health coverage from another source, but enrolls in a dental plan administered or approved by DPA, the employee may receive the difference between the applicable composite contribution and the cost of the dental plan selected and vision benefits, not to exceed \$130 per month. (The State will pay the premium cost of the dental plan and vision plan.)

Cash will not be paid in lieu of vision benefits, and employees may not disenroll from vision coverage. Employees do not pay an administrative fee.

f. If the monthly cost of any of the State's benefit plans (health, dental and vision) in which an employee elects to enroll exceeds the State's maximum allowance amount as set forth in Subsection A.1.a., b. or c, or A.2.a., b. or c., above, the employee shall pay the difference on a pre-tax basis. If there is money left over after the cost of these benefits is deducted, the remaining amount will be paid to the employee as taxable cash.